

CHAPTER 4: RAILROAD, PUBLIC AND AGENCY INVOLVEMENT

This chapter describes the public and agency involvement that occurred throughout the study process, describes the comments and input received as a result of these efforts and discusses national rail trends and issues as they relate to the Commonwealth of Kentucky.

I. PROJECT MEETINGS

Throughout the preparation of the *2002 Kentucky Statewide Rail Plan*, the Steering Committee, Kentucky's rail carriers, public officials, and representatives of government resource agencies were given the opportunity to provide input for this plan. The following sections describe the project meetings process.

A. Steering Committee Meetings

A Steering Committee was formed at the onset of the plan development to provide guidance to the consultant, and to serve as a channel for input from the general public and other interest groups. The *2002 Kentucky Statewide Rail Plan* Steering Committee was comprised of representatives from the following divisions:



- KYTC Division of Multimodal Programs
- KYTC Division of Planning
- KYTC Division of Right-of-Ways and Utilities
- Department for Local Government (DLG) Division of Training and Area Development District (ADD) Services

Five Steering Committee meetings were held throughout the development of the *2002 Kentucky Statewide Rail Plan*. The purposes of these meetings were to discuss the purpose, goals and objectives; review preliminary data, analysis and mapping; and identify future plan needs. The five meetings are listed below:

<u>Event</u>	<u>Date</u>	<u>Key Topics</u>
Kick-Off Meeting	March 6, 2001	Project Scope/Coordination
SC Meeting #2	June 7, 2001	KRA concerns and data requests
SC Meeting #3	October 2, 2001	Intermodal, safety and Rails to Trails
SC Meeting #4	January 25, 2002	Mapping and schedule
SC Meeting #5	March 6, 2002	Preliminary Draft Review

Copies of the meeting minutes may be obtained from the KYTC Division of Multimodal Programs.

B. Kentucky Railroad Association Meetings

Throughout the plan process, Kentucky's rail carriers were involved. On April 27, 2001, a letter was sent to each Kentucky railroad that had not submitted an annual State Statistics Form as required by the Railroad Commission. The following information was requested: 2000 Annual Report with State Supplement; current system map; system diagram map; current tonnage or traffic density data for Kentucky lines; and potential or planned improvement projects in Kentucky. As a result of this request, Kentucky's rail carriers, in particular, the Regional and Local Railroads, expressed their concern in completing the State Supplement form. A meeting between KYTC, consultant staff and the Kentucky Railroad Association (KRA) was held June 7, 2001 as part of the scheduled Steering Committee Meeting #2, to discuss this and other concerns. Based on this meeting and follow-up discussion, a new State Supplement form was developed for the Regional and Local Carriers to annually complete and submit to the KYTC Division of Multimodal Programs.

On September 6, 2001, KYTC representatives and consultant staff attended their second Kentucky Railroad Association meeting. The meeting was held at CSX Transportation in Louisville, Kentucky. The purpose of this meeting was to discuss and approve the organization of the KRA and talk about important issues relative to the railroad industry. In addition, association members were briefed on the work-to-date of the *2002 Kentucky Statewide Rail Plan*.

A follow-up to the first Kentucky rail carriers' correspondence letters was mailed November 2, 2001. These letters were sent to all railroad operators within the Commonwealth. These letters were catered to each railroad based on the amount of information received to date by each. If not received previously, the same requests that appeared in the first letter were requested again. In addition each rail carrier was asked to complete and return a short questionnaire. The questionnaire can be seen in **Figure 4-1**. Questionnaires were received from the following nine railroad companies:

- CSX Transportation
- Norfolk Southern
- Paducah and Louisville Railway
- Bluegrass Railroad
- Kentucky West Tennessee Railway
- Louisville and Indiana Railroad
- Tennken Railroad
- Transkentucky Transportation Railroad
- Western Kentucky Railroad

On June 27, 2002, KYTC representatives and Wilbur Smith Associates staff attended a Kentucky Railroad Association Meeting at CSX Transportation in Louisville, Kentucky. Wilbur Smith Associates, on behalf of the KYTC, made a

short presentation on the *Draft Kentucky Statewide Rail Plan*. Valuable feedback was received from the represented railroads and is briefly summarized below:

- There were concerns regarding potential legislation that could place tighter restrictions on crew size, limiting the use of one-man crews;
- Some railroad representatives feel overtaxed because of the need to pay real estate and diesel tax among others;
- Tax credits would be preferred over public funding; and,
- There is a need for rail to play a larger role in the economic development efforts of the state.

As a follow-up to the meeting, a letter from Tony Reck with PAL was sent to the Division of Multimodal Programs. The concerns raised in this letter are discussed later in this chapter.

C. Other Organizational Meetings

As part of the coordination process, KYTC attended several other organizational meetings obtaining valuable input from these groups. A summary of these meetings are as follows:

Kentucky Rail-Trail Advisory Group Meeting

On July 23, 2001, a meeting of the Rail-Trails Advisory Group was held at the Department for Local Government in Frankfort, Kentucky. The purpose of this meeting was to discuss progress-to-date on the on-going Kentucky Transportation Center (KTC) project to map and identify abandoned rail lines throughout the state of Kentucky. In addition, committee members were briefed on the work-to-date and objectives for the Rails to Trails element of the Kentucky Statewide Rail Plan.

On November 15, 2001, a second meeting of the Rail-Trails Advisory Group was held at the Department for Local Government in Frankfort, Kentucky. The purpose of this meeting was to discuss the continued progress-to-date of the Department for Local Government project. From this meeting, the consultant was provided GIS mapping detailing the development of the pilot area. This project and mapping is further explained in Chapter 6.

Kentuckians for Better Transportation Rail Committee

On September 6, 2001, a meeting of the Kentuckians for Better Transportation (KBT) Rail Committee was held at CSX Transportation in Louisville, Kentucky. The purpose of this meeting was to discuss a proposed change to the KBT Policy and Issues Statement and review the work-to-date of the Kentucky Statewide Rail Plan. Wilbur Smith Associates, on behalf of the KYTC, made a short presentation on the plan receiving important feedback from those in attendance.

Kentucky Operation Lifesaver Meeting

On November 13, 2001, a meeting of the Kentucky Operation Lifesaver Group was held at CSX Transportation in Louisville, Kentucky. Operation Lifesaver is a nationwide, non-profit organization dedicated to ending collisions, deaths, and injuries at highway-rail intersections and along railroad rights-of-way. The purpose of this quarterly meeting was to elect a new state coordinator, discuss 2002 annual projects, discuss old business and review new booth signage. In addition, consultant staff was available to provide an update on the Kentucky Statewide Rail Plan and answer questions. A follow-up to this meeting occurred on January 6, 2002 when consultant staff met with the Operation Lifesaver State Coordinator. He provided additional information regarding the state and national program.

Kentucky Statewide Transportation Planning Group

On February 6, 2002, a meeting of the Statewide Transportation Planning Group was held at the Lincoln Trail Area Development District in Elizabethtown, Kentucky. Wilbur Smith Associates, on behalf of the KYTC, made a short presentation on the plan. Attendees were then encouraged to review the draft plan when made available in the upcoming months.

Metropolitan Planning Organizations

On April 16, 2002, a meeting of the Metropolitan Planning Organizations was held in Frankfort, Kentucky. Wilbur Smith Associates, on behalf of the KYTC, made a short presentation on the plan. As with the Statewide Transportation Planning Group, attendees were encouraged to review the draft plan when made available.



Barren River Area Development District Transportation Council

On August 29, 2002, a meeting of the Barren River Area Development District (BRADD) was held at the ADD in Bowling Green, Kentucky. As part of their normally scheduled meeting, Wilbur Smith Associates, on behalf of the KYTC, presented the *Draft Kentucky Statewide Rail Plan* to the BRADD Transportation Council. Questions raised by those in attendance included:

- To what detail are intermodal facilities called out in the Plan?
- Is the Plan recommending improvement projects?
- How will the state promote economic development as it relates to rail or will it at all?
- Are lines within the state being evaluated for their potential to handle high speed rail and/or improved passenger service?

II. RAILROAD ISSUES/CONCERNS

The following section discusses national rail trends and issues. Utilizing the previously mentioned questionnaire distributed to the active freight railroads, issues unique to Kentucky are highlighted.

A. Capital Needs

One common concern of big and small railroads alike was the funding for infrastructure needs. Most of the smaller railroad lines were light density lines spun off from Class I systems. Maintenance has been deferred on them and rehabilitation needs already existed. The trend to heavier cars (286,000 lbs.) has exacerbated the problem in these cases and created new ones in others.

Heavier cars are straining the physical plant and structures, including rail and wooden bridges. To accommodate larger loads, existing track needs to be upgraded to at least 100 lb. rail, with a preferable minimum being 115 lb. rail. In



Older bridges may need to be upgraded or replaced to accommodate increasing car weights.

addition to upgrading rail, all rail carriers responding to the questionnaire expressed the need to improve or replace existing bridges.

Without improvements to existing infrastructure, regional and short line carriers are going to lose business with the Class I carriers because of the requirement to accommodate larger loads. In addition, smaller railroads will be hampered in their ability to attract new industry looking to take advantage of hauling more freight with less equipment.

For the larger railroads, needs for funding are more project-related, such as capacity expansions and new or improved facilities; however, funding shortages and adequate returns on investment are similar. Although admitting to infrastructure needs, Class I carriers do closely consider issues such as using public funding for private infrastructure and the use of this public funding to benefit one private competitor over another.

Kentucky's rail carriers identified additional capital needs to include motive power, signals, and grade separations. In addition to track infrastructure needs, they expressed a need for improved motive power. Their current locomotives continue to age with funds unavailable for maintenance of existing infrastructure. Both large and small carriers expressed the need for improved signal systems, in particular, as they relate to highway-rail crossings.

B. Safety Concerns

Safety is a priority throughout the rail industry. Based on comments received from Kentucky's rail carriers, private/public partnerships are needed to focus on safety, education, and personal liability. Although a safety benefit, warning devices cannot prevent highway-rail at-grade crossing accidents. One way of

overcoming this safety issue is to close crossings and/or provide grade-separated crossings. This approach will improve public safety, reduce motor vehicle congestion, and increase the railroads' speed and reliability. The latter is important to attracting new business to the railroads.

C. Economic Issues

Other issues include those economic in nature. Two issues are the general economy in the short term and coal production in the long term. Railroads pointed out the need to diversify their services, thereby reducing their dependence on the transport of coal. If and when aid is provided for the upgrade of existing facilities, rail carriers would then turn their attention to the marketing of their services. A desire to develop a public/private industrial development program was called out. This would provide short line carriers the ability to maintain existing business while potentially attracting new business.

Another identified economic concern is the desire to maintain equitable treatment of rail with respect to other modes of transportation. Rail carriers are required to maintain their own trackage and right-of-way and are taxed on all property and right-of-way through the ad valorem tax. In addition, railroads are required to pay the same 4.3 cents per gallon federal tax on diesel fuel that truck pay. For the trucking industry, the fuel tax goes to the highway fund while fuel tax generated from the railroads goes to the federal deficit reduction general fund, not providing benefit for railroad companies. The Association of American Railroads (AAR) supports the repeal of the fuel tax for railroads while the American Association of State Highway and Transportation Officials (AASHTO) supports moving revenue from the fuel tax to the Highway-Rail Grade Crossing Program.

With increasing traffic along the National Highway System (NHS), state and federal governmental agencies, along with the general public, are going to look for options to reduce congestion. Rail carriers are quick to point out the important role rail service can play in reducing, or at a minimum, stabilizing the growth in traffic along the NHS. However, this transfer of traffic onto rail from the NHS cannot occur without increased rail capacity. Because of the economic concerns discussed above, railroads are beginning to examine public-private partnerships to successfully create additional capacity.

D. Passenger Service Concerns

As indicated in the questionnaire responses, passenger trains raise important safety, capacity, and engineering concerns. The interaction between passenger and freight service, and the importance of each in the transport of people and goods; should be viewed over the long term. Current trends show the potential benefit of creating high-speed passenger corridors, most likely along existing freight routes. This difference in speed between the freight train and the passenger train results in safety concerns. The need to accommodate on-time delivery of passengers to their desired location contributes to capacity constraints for the freight owner and operator.

III. FEDERAL FUNDING

The following section provides a brief look at past and current federal funding programs and discusses potential for future funding.

A. LRSA/LFRA

The federal freight program began in the Northeast and spread to the Midwest during the 1970s dealing with railroad bankruptcies. The federal rail service assistance program was established by the Federal Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act), and was amended by the Local Rail Service Assistance (LRSA) Act of 1978, and the Omnibus Budget Reconciliation Act of 1981. The LRSA program provided funding on a federal/local matching share basis for four types of projects: rehabilitation, new construction, substitute service, and acquisition. The LRSA Program permitted states to provide funds on grant or loan basis.

A few years later, The Local Rail Service Reauthorization Act was reauthorized and the name of the program was changed to Local Freight Rail Assistance (LFRA). With this change, also came change in the criteria used to establish eligibility to receive assistance. During the early 1990's, funds for the program were drastically reduced, and congressional appropriations were halted in 1995. From the time of its inception in 1976 until 1985, over \$544 million federal funds were expended for this program.

B. TEA-21 Rail Funding



The Transportation Equity Act for the 21st Century (TEA-21) contains several provisions concerning rail funding and assistance as part of the overall \$218 billion program. Two of these, Section 7302 – Light Density Line Pilot Programs (created to replace LRFA) and Section 7203 – Rail Rehabilitation and Improvement Financing (RRIF), are both designated specifically for rail lines. However, there are many other programs under TEA-21 that can be used for rail purposes when part of an overall program.

Rail initiatives are concentrated in seven sections within TEA-21. They are as follow:

Light Density Line Pilot Program

The purpose of this mechanism is to fund capital improvements and rehabilitation for light density rail lines (LDL) owned either publicly or privately. An annual total of \$17.5 million was authorized for the life of TEA-21, but as of yet funds have not been appropriated.

Rail Rehabilitation and Improvement Financing (RRIF)

This section provides loans and loan guarantees for the development, improvement, acquisition, or rehabilitation of rail equipment or intermodal facilities. It permits an aggregate unpaid balance of \$3.5 billion over the life of TEA-21 with \$1 billion to be designated for non-Class I carriers. To insure against default, a risk factor premium is required. The factor will be computed

by the U.S. Department of Transportation and must be funded from nonfederal sources. Priority will be given to projects that do the following:

- Enhance safety;
- Enhance the environment;
- Promote economic development;
- Are included in state transportation plans;
- Promote U.S. competitiveness; and
- Preserve/enhance service to small communities.

Congestion Mitigation and Air Quality Improvement Program (CMAQ)

This program is a carry over from ISTEA. Eligibility has expanded to not only include freight and passenger rail projects but also MAGLEV Transportation Technology Deployment Program and promote public-private partnerships. Eligible projects include transportation projects that will reduce carbon monoxide, volatile organic compounds, oxides of nitrogen, and particulate matter in maintenance areas and non-attainment areas as designated by the Clean Air Act. Total available funding for the program is \$8.1 billion. Example rail projects to be funded under this program include the Fairfield, Maine Intermodal Facility and Bensenville Rail Yard in northwest Chicago. Refer to <http://www.fhwa.dot.gov/environment/cmaqpgs/index.htm> for additional information on this program.

National Corridor Planning and Development Program and Coordinated Border Infrastructure Program

The objective of the National Corridor Planning and Development Program is to provide funding for coordinated planning, design, and construction of corridors of national significance, economic growth, and international or interregional trade. The purpose of the Coordinated Border Infrastructure Program is to improve safety and efficiency at or across U.S. borders. Funding of \$700 million was to be split between the two programs over the life of TEA-21. For additional information on eligible recipients and eligible activities, the following website can be referenced:

<http://www.fhwa.dot.gov/hep10/corbor/index.html>.

Transportation and Community and System Preservation Pilot Program (TCSP)

There are \$25 million allocated annually for initiatives addressing the relationship between transportation, community, and system preservation and private-sector initiatives. States, local governments, and Metropolitan Planning Organizations are eligible for funding. Projects accepted include:

- Planning and implementation strategies that work to improve transportation efficiency;
- Reduction of transportation environmental impacts;

- Reduction of future infrastructure investments;
- Promotion of efficiencies and access to jobs, services, and trade; and
- Examination of public private-sector development and investment patterns.

Funding from this section has been used in Kentucky for a Rails to Trails project. For additional information of the TCSP program, refer to the following website: <http://www.fhwa.dot.gov/tcsp/index.html>.

Highway-Railroad Grade Crossings Program

The Highway-Railroad Grade Crossings Program, codified as Section 130 in Title 23 of the United States Code, provides Federal money to states to fund projects intended to reduce accidents at railroad crossings. According to Section 130, the money can be used to install or upgrade signs, pavement markings, signals, gates, crossing surfaces, and lighting. The Federal Highway Administration (FHWA) administers the Highway-Railroad Grade Crossings Program. This program is a continuation from ISTEA. The national program is funded from a portion of the Surface Transportation Program (STP). Annually, Kentucky receives \$1.268 million to be administered through the Kentucky Transportation Cabinet Division of Right of Way and Utilities for rail-highway grade crossing improvements.

Earmarked Funds

A number of states, working through their Congressional delegations, received earmarked funds for specific freight rail assistance projects identified in the ISTEA legislation.

C. Other TEA-21 Rail Initiatives

Two other TEA-21 programs are described below. Both programs have been used as potential funding sources on various rail related projects.

Transportation Enhancements Program (TE)

Another continuation from ISTEA, the Transportation Enhancement Program offers communities the opportunity to increase recreation opportunity and access and provide safe bicycle and pedestrian facilities, scenic routes, and beautification to their communities. In 1998, as part of TEA-21, \$3.8 billion in TE funds were provided through the Surface Transportation Program. According to the Federal Highway Administration, over half of the Federal programmed TE funds between FY 1992 and FY 2000 were used on bicycle and pedestrian facilities and rail trail projects. Other types of projects that received significant funding included historic preservation and preservation of historic transportation facilities and landscape and beautification projects. Additionally TE funds can be used to create transportation museums and visitors centers. The following website can be referenced for additional information on the Transportation Enhancements Program: <http://www.fhwa.dot.gov/environment/te.htm>. Additional information including application forms can also be found on the Kentucky Transportation Cabinet's

Division of Multimodal Programs website under Transportation Enhancements at <http://www.kytc.state.ky.us/Multimodal/TE.htm>.

Transportation Infrastructure Finance and Innovation Act (TIFIA) Funding

Although this program is not primarily for rail assistance, certain rail projects could receive funding through the Transportation Infrastructure Finance and Innovation Act. Eligible projects would include improvements to freight facilities on or adjacent to the National Highway System (NHS). This TEA-21 program provides funding in the form of credit (direct loans, loan guarantees, and standby lines of credit) for major projects of critical national importance. The project must cost a minimum of \$100 million or 50 percent of the state's annual apportionment of federal aid funds, whichever is less. Federal participation is limited to 33 percent of total project costs, since the program is designed to fill market gaps and to leverage capital from outside sources. The following is the official TIFIA website: <http://tifia.fhwa.dot.gov/>.

D. Potential Federal Sources

The Transportation Equity Act for the 21st Century will expire on September 30, 2003. The United States Department of Transportation is in the development process of reauthorization of the surface transportation programs. As with the two previous programs, the next reauthorization program will provide federal funding for the next six years. For up-to-date information on the progress of the Surface Transportation Reauthorization, the FHWA maintains a website (<http://www.fhwa.dot.gov/reauthorization/index.htm>) that is regularly updated to provide the latest information.

In addition, to the Surface Transportation Reauthorization, there are currently several proposals being considered in Congress, that, if they come to fruition, could provide new and increased funding sources for passenger and freight rail. Since these proposals are regularly change, it is recommended to refer to the following website to check the current status of these proposed bills: <http://thomas.loc.gov/home/>.